



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION

JON S. CORZINE
Governor

NJDEP - Site Remediation Program
Office of Direct Billing and Cost Recovery
PO Box 413
Trenton, NJ 08625-0413

LISA P. JACKSON
Commissioner

NOV 19 2008

Dear Recipient:

Enclosed you will find an invoice detailing costs the Department of Environmental Protection's (DEP) Site Remediation Program (SRP) incurred by providing oversight for the remediation of your property/case. This invoice has been generated via our new automated NJEMS billing system which tracks costs incurred by SRP when overseeing environmental cleanups. It looks similar to invoices issued from our previous billing system, however there are some changes. In addition, the DEP apologizes for delays in billing caused by the rollout of the new system.

In order to help the public understand the process of direct billing for SRP oversight charges, DEP has created a new webpage to: 1) answer frequently asked questions (FAQs); 2) provide sample invoices explaining the various pages and calculations; and 3) provide links to other helpful SRP webpages as well as links to the regulatory basis for oversight costs. DEP asks that you visit these webpages for answers to any questions you may have before contacting us.

This webpage is located at: <http://www.nj.gov/dep/srp/directbilling/>

In addition, we would like to inform you of some recent and upcoming changes/issues with regards to SRP Direct Billing and Cost Recovery practices, including:

- Implementing the State Auditors report;
- Changes to Fringe and Indirect rates;
- Invoices sent via our previous billing system;
- Possible outstanding balances due.

State Auditors Report: In the fall of 2006, the New Jersey State Legislature's Office of Legislative Services (OLS) conducted an audit of SRP's funds and its Direct Billing System. The audit revealed that over the past 10 years, DEP had not billed a large number of parties for oversight services rendered (i.e., a party never received a bill or in certain cases, historic charges to a case were not included in the bill). OLS also identified several areas where modifications were needed to improve the effectiveness of the billing process. This report can be accessed at the above web site.

Based on these findings, SRP is in the process of implementing the following actions based on the auditor's recommendations:

- Invoicing of all entities that received oversight services but were never billed; **(Note: The attached invoice may be for a case that was never previously billed or may contain historic line item charges not included on previous invoices.)**

- Withholding No Further Action (NFA) letters until outstanding balances are paid in full;
- Charging interest on unpaid oversight bills. (Note: This will not take effect until the new billing system is fully operational early this spring);
- Updating the indirect cost rate annually based on a figure determined by an independent Certified Public Accountant.

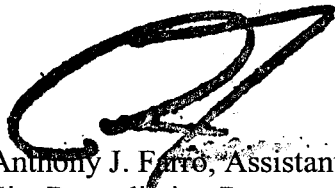
Changes to Fringe and Indirect rates: As stated in the State Auditors Report section above, SRP was required to update its indirect cost rate. The components of the indirect program cost rate include SRP's operating and overhead expenses that cannot be coded as direct salary charges for a particular case. Based on an independent accountant's report, which can be reviewed at the above website, SRP revised its indirect cost rate for Fiscal Year 2008 to 163.09%. In addition, the fringe rate for Fiscal Year 2009 was revised to 36.05%.

Possible outstanding balances due: You may have received an invoice(s) on this case in the past from our previous billing system. If any invoices previously issued to you have not been paid, the amount due on those invoices will be included on the attached invoice. Outstanding balances, where they exist, will be shown on the front of sheet 2 of your invoice as an "Oversight - Balance Transfer".

Payment checks should be mailed and made payable to the "Treasurer – State of New Jersey". Please write the invoice number on your check. If you have any general questions regarding the above, please visit the direct billing website first or contact the Office of Direct Billing and Cost Recovery at (609) 633-0701.

In order to serve you better, we ask that you write to us at the above address if you believe you have not been billed correctly or are questioning individual line item charges. In your correspondence, in addition to detailing your questions, please make sure to include the Invoice Number and Program Interest ID from your invoice as well as your telephone number where you can be reached during the day.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. Ferro", is written over the printed name.

Anthony J. Ferro, Assistant Director
Site Remediation Program